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Federal And Alberta Governments Get Tough On Emissions Reporting

By Monte Stewart

Starting next June, Canadian companies will have to report criteria-air-contaminant emissions levels at all oil and gas facilities. If all goes according to plan, Alberta producers will also have to report greenhouse gas emissions by next fall.

Under new Environment Canada rules, oil and gas companies will no longer be exempt from listing criteria air contaminants at facilities where employees work a total of less than 20,000 hours.

"This has a significant effect, particularly on the upstream sector, because we're talking about hundreds of facilities or thousands of facilities that, up until this point, were never subject to reporting," said Ted Hart, a partner with Envirotech Engineering.

Sweet or sour gas-processing plants, field compressors, gas batteries, oil batteries and wellsites with compression equipment may be affected, said Hart.

"It seems like the larger companies are starting to understand and they're getting their ducks in a row, because I mean, for the large companies, this is a pretty onerous task," said Hart. "But then there's the whole general populous, the smaller and intermediate oil and gas companies that, often times, don't even have an environmental department. They just basically aren't aware."

If you look at it from a large-company standpoint, said Hart, reports must be filed on hundreds of pieces at a cost of hundreds of thousands of dollars.

"The key here is they're separate topics politically, one being a federal issue, the other being a provincial issue between the criteria air contaminants and greenhouse gases," he said.

Criteria air contaminants do not include greenhouse gases, but they include nitrogen oxide, sulphur dioxide, carbon monoxide, particulate matter and volatile organic compounds. The National Pollutant Release Inventory (NPRI) — a database of information on annual releases to air, water and land — needs the data to determine future federal policy.

"It's a significant effort and a significant cost," said Hart.

"Most of the companies just don't have the internal resources and they don't have all of the equipment data immediately available that they need. There's a large requirement for inventorying of equipment Smaller companies have fewer facilities, so it's less onerous for them."

The new federal rules came into effect last year but received a one-year exemption from reporting.

Later in the year, companies operating in Alberta will also face new greenhouse-gas-emission reporting requirements in accordance with the new Climate Change and Emissions Management Act, which passed with little fanfare last month and is awaiting royal assent from Lieutenant Governor Lois Hole.

Alberta's new rules only apply to large facilities. Facilities that emit 100,000-150,000 tonnes of carbon dioxide-

equivalent greenhouses gases per year will be required to report emission levels to the province.

"It's our position that you can't manage what you don't measure," said Dave Slubik, an emissions inventory specialist with the provincial government. "So we wanted to get industry to start reporting their emissions to us and help us with some related programs."

Under a pilot program, companies began collecting emission data in 2003 and, pending provincial approval, mandatory GHG reporting will begin at the end of October 2004, after being pushed back from June 2004. Greenhouse gases, direct and indirect emissions, all of the gases listed on the Kyoto protocol, biological and geological sequestration, and fugitive, combustion and process emissions fall under the new Alberta guidelines.

The new requirements are not regulations per se, said Slubik, but the new climate change and emissions management law and the provincial Environmental Protection Enhancement Act give the government the legal power to introduce and enforce reporting requirements.

"Anyone who's above the 100 kilotonne range should expect to report for next year," said Slubik. "In general, a lot of those emitters have been estimating their emissions anyways, either for their internal use or for things like Voluntary Challenge & Registry. So I don't think it's going to be very much new for a lot of people — other than it's mandatory."

Slubik said the federal government is still finalizing its greenhouse-gas-emission reporting rules. The Canadian Environmental Protection Act required that all operators start reporting GHG-emission levels, at facilities where employees work more than 20,000 hours, in 2004, but Slubik said the federal government and the provinces are still negotiating a start date.

"The assumption most people have is that it's going to apply in 2005, based on 2004 emissions," said Slubik, who is involved in the negotiations between Alberta and Ottawa.

Ontario is the only province that has GHG-emission-reporting rules in effect, he added.

As Alberta and eight other provinces get ready to introduce mandatory GHG emission reporting, Russia is hinting it will not ratify the Kyoto protocol — a decision that could kill the controversial accord, because Russia is the only country left that has enough worldwide greenhouse-gas emissions to bring the treaty into force upon ratifying it.

Canada's prime-minister-designate Paul Martin has also said the country needs a better plan to meet its Kyoto commitments. Alberta Premier Ralph Klein has lauded the Russians for holding off on signing the accord.

A 2002 provincial report on climate change, which explains the new rules, states: "Intensity-based targets allow organizations, firms, industries and nations to improve their efficiency, reduce waste and, ultimately, improve their competitiveness."

Most industry leaders have slammed Kyoto as being too costly and ineffective. But Slubik said oil and gas companies have provided positive feedback on Alberta's plans.

"They've been happy with the way we've run our consultation program and [the way] we've been responsive to concerns of the stakeholders," said Slubik. "Nobody has said, 'We're just not going to be part of this and we're not going to report.' I think people know it's coming, so they've accepted that fact and they just want to have input into making sure the program gets what everyone needs — and it's efficient and cost-effective."

Federal Natural Resources Minister Herb Dhaliwal, who announced this week that he is leaving politics, has advised the Canadian Association of Petroleum Producers that Ottawa wants emissions to be 15% below business-as-usual levels by 2010.

At a September conference, Rick Hyndman of CAPP said the 15% target "went a long way" to easing investors' concerns, but it left a gap between Kyoto's targets and where Canada will actually wind up. He called on Ottawa and the province to harmonize their positions on Kyoto, noting Ottawa wants Canada to be at 94% of 1990 emission levels by 2012 while Alberta is aiming for 50% of 1990 levels by 2020.

"Climate change is a long-term issue and we need a long-term strategy," said Hyndman during an interview, adding "the real focus has to be on efficiency of end use."

The federal and Alberta governments' mandatory emission-reporting systems contrast sharply with the U.S. government's lenient framework. The U.S., which has already walked away from Kyoto, recently announced proposed guidelines for voluntary reporting of greenhouse gas emissions and reduction efforts.

"The proposed guidelines will encourage major U.S. companies to undertake comprehensive reviews of their greenhouse gas emissions and take actions to reduce emissions," said a Department of Energy news release.

The DOE hopes the revised guidelines will stimulate an economy-wide effort needed to make progress on President George W. Bush's directive that the DOE enhance its voluntary reporting program.

